

IRS TAX TIP 2004-54

EDUCATOR EXPENSE DEDUCTION

If you are an educator, you may be able to deduct up to \$250 of expenses you paid for purchases of books and classroom supplies even if you don't itemize your deductions, according to the IRS. These out-of-pocket expenses may lower your 2003 tax bill.

The deduction is available if you are an eligible educator in a public or private elementary or secondary school. To be eligible, you must work at least 900 hours during a school year as a teacher, instructor, counselor, principal or aide.

You may subtract up to \$250 of qualified expenses when figuring your adjusted gross income. The amount goes on the line labeled "Educator Expenses" — line 23 of Form 1040 or line 16 of Form 1040A.

Qualified expenses are unreimbursed expenses you paid or incurred for books, supplies, computer equipment (including related software and services), other equipment, and supplementary materials that you use in the classroom. For courses in health and physical education, expenses for supplies are qualified expenses only if they are related to athletics.

To be deductible, the qualified expenses must be more than the following amounts for the tax year:

- The interest on qualified U.S. savings bonds that you excluded from income because you paid qualified higher education expenses,
- Any distribution from a qualified tuition program that you excluded from income, or
- Any tax-free withdrawals from your Coverdell Education Savings Account.

This is scheduled to be the last year for this deduction. The 2002 Job Creation and Worker Assistance Act put it in place for 2002 and 2003 only.

For more information, call the IRS Tele-Tax system toll-free at 1-800-829-4477 and select Topic 458, or read it online at www.irs.gov.

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